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FINAL REPORT

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GOVERNOR'S TASK FORCE  
ON INFRASTRUCTURE  
  
FINAL REPORT

Submitted to:  
  
The Honorable Ted Schwinden  
Governor of Montana

December 1984



November 1984

TO: Governor Schwinden, Members of the Forty-ninth Legislature, and the  
People of Montana

FROM: Infrastructure Task Force

RE: Infrastructure Report

One of the most critical problems facing our state and our nation is the condition of our public facilities. For many years, we have taken such key structures as bridges, water supply systems, jails, courthouses and roads for granted. For various reasons we have not systematically invested in operations, maintenance and replacement. Today, the results of that neglect are becoming critical. In January of 1984, the Task Force on Infrastructure was appointed to look into this question. The charge of the Task Force was:

"To look at ways to improve the quality and quantity of investment in capital facilities which are the responsibility of Montana counties, incorporated cities and towns."

"To compile information on the replacement and new construction needs of counties, incorporated cities and towns of Montana for basic public works and present this information to Montana citizens."

"To research administrative and legislative changes that could be made to facilitate flexibility in financing capital construction and good management in planning and operating capital facilities at the local level and bring these recommendations to the attention of the public and the appropriate government officials."

Over the past year, the Task Force and the sub-committees that worked with the Task Force assembled information (available at the State level) about local needs for infrastructure and analyzed the constraints faced by local officials in meeting these needs.

What can the State do about local public facilities? We think that the State's primary role is to enhance local capabilities to finance and maintain public facilities. This report presents recommendations of the Task Force on how to achieve this.

As members of the Task Force, we sincerely appreciated the opportunity to focus our attention on the problems of infrastructure and offer our recommendations to you.



---

ACKNOWLEDGEMENTS

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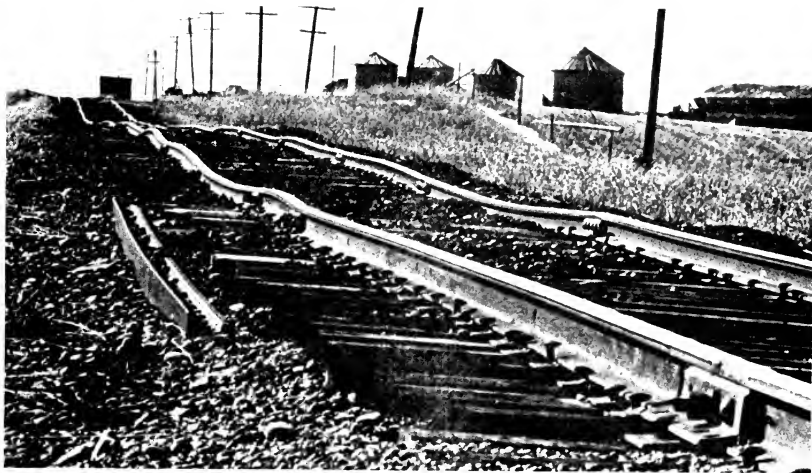
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TABLE OF CONTENTS

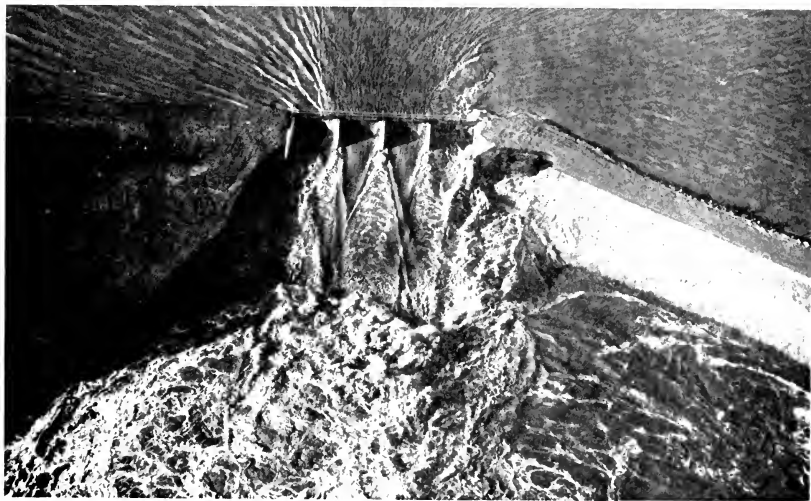
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|   | <u>PAGE</u> |
|---|-------------|
| I EXECUTIVE SUMMARY . . . . .   | 11          |
| - Introduction . . . . .  | 11          |
| - Summary of Recommendations . . . . .                                      | 17          |
| II REPORT OF THE SUBCOMMITTEE ON TRANSPORTATION . .                         | 26          |
| - Bridges. . . . .  | 26          |
| - Local Streets and Roads. . . . .  | 27          |
| - Airports . . . . .  | 32          |
| - Rails. . . . .  | 34          |
| - Buses. . . . .  | 36          |
| - Recommendations. . . . .  | 38          |
| III REPORT OF THE SUBCOMMITTEE ON UTILITIES. . . . .                        | 43          |
| - Community Water Systems. . . . .  | 43          |
| - Wastewater Treatment and Disposal. . . . .                                | 46          |
| - Solid Waste. . . . .  | 47          |
| - Hazardous Waste Disposal . . . . .  | 49          |
| - Recommendations. . . . .  | 51          |
| IV REPORT OF THE SUBCOMMITTEE ON COMMUNICATIONS AND<br>INFORMATION. . . . . | 54          |
| - Local Government Communications Facilities . .                            | 54          |
| - Local Community Libraries. . . . .  | 56          |
| - Recommendations. . . . .  | 61          |
| V REPORT OF THE SUBCOMMITTEE ON JAILS. . . . .                              | 64          |
| - General. . . . .  | 64          |
| - Recommendations. . . . .  | 70          |
| VI REPORT OF THE SUBCOMMITTEE ON "OTHER" PUBLIC<br>FACILITIES . . . . .     | 72          |
| - General. . . . .  | 72          |
| - Recommendations. . . . .  | 73          |

|             |   |    |
|-------------|---|----|
| VII         | REPORT OF THE SUBCOMMITTEE ON GENERAL FINANCING<br>OF CAPITAL IMPROVEMENTS. . . . . | 75 |
|             | - General. . . . .  | 75 |
|             | - Recommendations. . . . .  | 78 |
| VIII        | REPORT OF THE SUBCOMMITTEE ON PUBLIC INFORMATION<br>ABOUT INFRASTRUCTURE . . . . .  | 83 |
| APPENDIX A: | ADDITIONAL SOURCES OF INFORMATION . . .   | A1 |



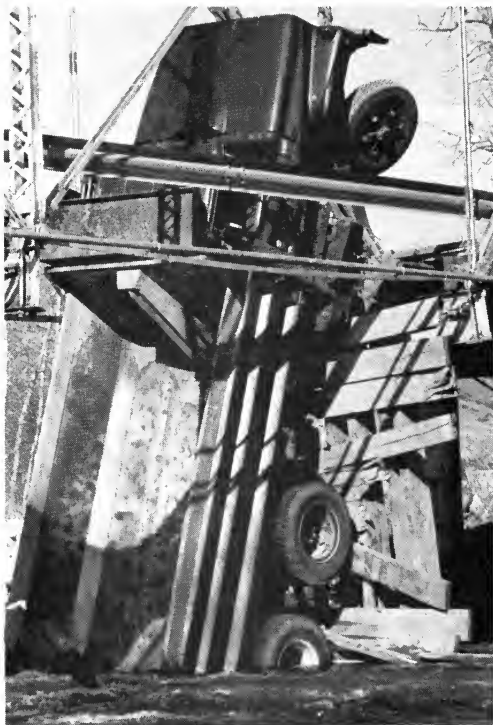
Neglected maintenance results in serious line decay. This condition leads to loss of rail services and hardships to local shippers.



Lack of safety legislation regarding dam standards and maintenance can create severe threats to the public and to crops.



Broken sewer line. Surface water pollution and drainage into river causes health hazards.



Bridge conditions often deteriorate to dangerous levels. Shortages of funds and maintenance manpower is common at the local level.



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## SECTION I

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### EXECUTIVE SUMMARY

#### A. Introduction

For the past year or so, the national news media have carried a number of lead stories about the nation's crumbling infrastructure. The following questions and answers present an overview of this important issue and what it means to us as a nation and State.

#### B. What is Infrastructure?

It is the collective, long-term investment by citizens in facilities and installations -- "structures" -- necessary to their safety and convenience.

```
*****
*
*   Some examples of infrastructure are:
*
*   roads                streets
*   bridges              water systems
*   sewer systems        solid waste
*   courthouses          disposal systems
*   fairgrounds          jails
*   police and fire      parks
*   stations             city and town halls
*   libraries            airports
*   community centers
*
*****
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C. How Serious is the Problem of Crumbling Infrastructure?

Most of these public facilities are crucial to supporting our quality of life. They provide the raw materials and transportation facilities for commerce. Our economy depends on these facilities. New economic development -- new jobs -- depends upon businesses being able to count on the sewer, water, and other facilities necessary to support their enterprise. Adequate public facilities are necessary to protect public health and safety. Moreover, they are a measure of our pride in ourselves.

These facilities largely have been ignored and taken for granted for years. Most of us recognize the importance of routine maintenance in keeping our own property (homes, cars) in good working order, thereby prolonging their useful life. Similarly, most of us recognize the value of planning ahead to finance major investments such as a house or a car. Yet, when the same principles for ongoing maintenance and financial planning are applied to public property, these principles are often ignored or overruled as costing too much.

The lack of ongoing capital improvements planning and financing of those plans has allowed us to ignore, or take our public facilities for granted for years. That neglect is catching up with us.

D. What has been done Nationally on this Important Issue?

The Joint Economic Committee of Congress established a National Infrastructure Advisory Committee two years ago to look into the magnitude of the problem. Montana's Governor Ted Schwinden is one of ten state and local officials appointed to this group.

The Advisory Committee was charged with the responsibility of researching the Nation's needs for increased investment in our public facilities. Their finding revealed an astonishing fact: if we are to meet the nation's needs for rehabilitation or replacement of our public facilities, the United States will have to invest 1.2 trillion dollars by the year 2000. That is more than our country will likely spend on defense over the same period.

E. What will happen if the United States fails to make the necessary Capital Investment in Public Facilities?

Our nation will fall even further behind in our ability to be competitive in the world economy. We are on the verge of bankrupting our public capital resources. To expect our economy to grow, or even hold steady, in the absence of essential public services such as utility and transportation networks is folly.

As reported in the August 1984 edition of the Concrete Pipe News,

"The high hidden costs of neglecting the nation's roads, for example, were calculated in econometric studies prepared by the Transportation Systems Center in Cambridge, Massachusetts. According to these studies, if the deterioration of the nation's highways is permitted to continue, the annual costs to the economy by 1995 will include:

- \* A 3.2 percent loss of Gross National Product
- \* An 8 percent increase in the Consumer Price Index
- \* A 5.9 percent decline in disposable income
- \* A 2.2 percent decline in employment
- \* A 2.7 percent decline in labor productivity

Added to these hidden costs are also lost economic opportunities. The availability of public works is a major consideration in

investment decisions by most companies. The importance of public facilities in industrial location decisions was documented by the U.S. Department of Commerce in a 1973 report. Based on a survey of more than 2,000 firms in over 250 industries, the study found that the availability of water, wastewater treatment facilities and good roads were prerequisites before a community would even be considered as a place where a facility would be located."

F. What does this mean in Montana?

In January of 1984, Governor Ted Schwinden appointed this Task Force on Infrastructure to look into the question. The charge of the Task Force was:

"To look at ways to improve the quality and quantity of investment in capital facilities which are the responsibility of Montana counties, incorporated cities and towns."

"To compile information on the replacement and new construction needs of counties, incorporated cities and towns of Montana for basic public works and present this information to Montana citizens."

"To research administrative and legislative changes that could be made to facilitate flexibility in financing capital construction and good management in planning and operating capital facilities at the local level and bring these recommendations to the attention of the public and the appropriate government officials."

Over the past year, we in the Task Force and the sub-committees that worked with the Task Force have assembled information (available at the State level) about local needs for infrastructure.

Here are some of our major findings, based on the available state-level information:

1. Water Systems

Many community water systems rely on the original wooden water pipes that were installed at the turn of the century. In 1983, a water supply needs survey was conducted for Montana's incorporated communities. Based on survey results from 75 percent of Montana municipalities and on projections for those 25 percent of Montana municipalities who did not respond to the survey, \$100 million was estimated for water supply repairs. This figure does not include the needs of more than 275 rural water systems in the State.

2. Sewer Systems

State Health Department records reveal that Montana's 203 public sewer systems for which records exist require an estimated \$231 million to bring them up to current standards.

3. Streets and Roads

Of Montana's 78,000 miles of roads and streets, only 8,000 miles are the maintenance responsibility of the State Highway Department. The vast majority -- 70,000 miles or 90 percent of the state's roads -- are the responsibility of local governments. It is estimated that it would take \$8 billion to bring this local network of roads into good condition.

4. Jails

Montana has 53 county jail facilities, only one of which clearly meets constitutional standards. Generally, jails are built to last 30 years, and 21 of Montana's jails are more than 30 years old. The

estimated cost of bringing existing jails up to constitutional standards is in excess of \$56 million.

G. How did Montana's Task Force work?

From the beginning, the Task Force recognized that we had limitations in what we could accomplish. There were no resources or staff available to work solely on infrastructure. Members of the Task Force themselves served as volunteers, donating both time and expenses to the effort. State staff contributed what they could over and above their on-going assignments.

Given this level of resources, the Task Force decided to approach the problem in four ways:

1. To limit the focus of the Task Force to general purpose local governments.
2. To gather together whatever aggregate information on facilities already existed at the state level and use this to determine which facility areas would be covered in any detail. (A comprehensive inventory of local needs through a local survey was not possible, given time and money constraints.)
3. In place of a comprehensive local inventory, to commission a study of 12 representative local governments to provide examples of the problems faced by local officials;
4. To concentrate the efforts of the Task Force on analyzing the problems and coming up with recommendations that would strengthen local officials' ability to deal with these problems.

To this end, the Task Force formed seven sub-committees, based on the degree to which information and ideas were readily available at the state level. Participation in the sub-committees was open to anyone who could provide information or expertise.

These seven sub-committees were:

- Transportation
- Utilities
- Communications and Information
- Jails
- Other Public Facilities
- General Financing of Capital Improvements
- Public Information about Infrastructure

Sub-committee reports summarizing statistical information and presenting complete lists of recommendations are contained in the body of this report.

## SUMMARY OF RECOMMENDATIONS

### A. What can be Done in Montana to Address Local Infrastructure Needs?

There are four basic barriers to effectively addressing infrastructure in Montana. Some steps can be taken immediately to reduce these barriers. The first, and most important of these, is to become more knowledgeable as citizens about our own local public facilities. Ultimately, it is the responsibility of each local community to determine its own priorities and needs for capital investment. We can help by actively supporting our local officials in prioritizing local needs for replacement or rehabilitation, and recognizing our responsibility to help pay the costs involved. We need to find ways to ensure that local public facilities are operated in a cost efficient manner -- including charging for a facility based on the amount of use (where charging is possible), and not deferring maintenance.

In many communities, Montana taxpayers are facing major capital expenditures. However, the alternative is clear. If we fail to reinvest in our public works now, costs in the future will only escalate as deterioration proceeds unchecked.

Secondly, we need to address the problem of declining local government revenues. Montana's high reliance on the property tax, coupled with the fact that our property tax base is eroding, has brought most Montana local governments to the position of having less revenue (adjusted for inflation) than they had ten years ago. New sources of local revenue must be authorized by the legislature so that local governments have the necessary revenue to invest in public facilities. Use of local taxes for local public facilities can cut costs in two ways: it reduces administrative expenses (which generally increase with each additional level of government involved) and it maximizes the stake local citizens have in obtaining effective maintenance and operations.

The third barrier that we can work to reduce is the degree to which State government rules and regulations add to the cost of planning and financing local public works. Local governments must comply with State statutes in planning and financing local public works. Many of these statutes are outmoded and actually add to the costs of replacing or maintaining local infrastructure by unnecessarily restricting local flexibility and authority. Many of the recommendations of the Task Force identify these statutes and propose changes in State law.

The importance of capital improvement planning cannot be overemphasized. Beyond minimizing the costs of planning and financing, the state must actively encourage local governments to take the time to prepare capital improvement plans, keep them current, and actively seek to finance their facilities based on these plans. This can be done by increasing the state's ability to provide training on capital facilities planning and grants to cover the costs of carrying out the planning.



The fourth thing we can do a better job of is getting information on infrastructure assistance to our local governments. State and federal governments administer a number of grant, loan and bonding programs that actively contribute to local financing. State and federal governments also have limited technical assistance programs which facilitate local planning for a broad range of public facilities. Unfortunately, most State and local officials are not aware of the full range of financial and technical assistance currently available. The Task Force also recommends that all this information be pulled together into one place and made readily accessible to State and local officials.

Some progress on these barriers can be made immediately through the recommendations listed below. However, these recommendations are only the beginning of the changes necessary to removing the barriers that are preventing us from fully addressing our infrastructure needs. A complete renovation of our local government financing and revenue authority must be undertaken. Therefore, we strongly urge that an Interim Commission on Infrastructure be created to prepare this renovation for the 1987 session of the legislature.

**B. Recommendations of the Governor's Task Force on Infrastructure:**

The recommendations of the Task Force fall into three areas: those that can be done in the next year and affect multiple types of infrastructure facilities; those that can be done in the next year and primarily affect only one type of facility; those that are too complex to allow immediate solution and therefore warrant thorough analysis and recommendations from an Interim Commission for the '87 session of the legislature.

NEW COSTS

I. Immediate Recommendations - General

- 0- 1. Provide to local governments new revenues that meet the following conditions: a. eases the property tax burden; b. allows for expansion of local option taxes; c. maintains the program of state assistance through the local government block grant.
- 0- 2. Close the gaps in existing subdivision review statutes so that proposed infrastructural facilities receive local government review prior to their construction.
- 0- 3. Revise existing capital improvement statutes to provide more incentive for their use.
- 0- 4. Revise existing statutes on Special and Rural Improvement Districts to allow more effective financing and equalize provisions for both.
- 0- 5. Provide credit enhancement for existing municipal bond pooling program of the Economic Development Board.
- 0- 6. Increase flexibility for use of short term debt/lease purchase statute by eliminating the \$150,000 ceiling which triggers the local election requirement.
- 0- 7. Eliminate necessity of 40% turnout for local bond elections.
- 0- 8. Allow bonds to sell at a discount.
- 0- 9. Revise statutes to facilitate interlocal agreements on long-term financing of joint facilities
- 0- 10. Authorize local governments to issue tax anticipation notes and arrange other short and mid-term financing mechanisms.
- 0- 11. Revise bond anticipation statute to clarify the penalty interest rate.
- 12. The majority of local governments in Montana have limited staff resources and often need assistance in planning and financing infrastructure. Specific assistance in the areas of legal, engineering, financing and planning are available through the private sector. The appropriate role of state agencies is in providing information, technology transfer, training, enforcement of standards and facilitation of good planning and implementation. The Task Force recommends the following in the area of technical assistance:

- 0- i. Existing programs of technical assistance offered by the state be maintained and continued.
- 0- ii. Organizations of local governments take the lead in exploring and developing a "loaned official" program for sharing expertise among themselves.
- \$175,000  
Federal iii. The state develops an automated catalogue of all financial and technical assistance available to local governments from state, federal, and private programs on infrastructure. The catalogue would be accessible to state staff and local government organization staffs to help them answer requests for assistance from local officials and private citizens.

## II. Immediate Recommendations - Specific Facility

### Jails

- 0- 13. Adopt jail standards by the state to establish a common set of criteria for determining the legal adequacy of jail facilities.
- ?- 14. Require state government to share in the responsibility for juvenile detention.
- ?- 15. Encourage state government to provide technical assistance to local governments for the planning of jails. This state assistance should not duplicate other existing technical assistance available elsewhere.
- ?- 16. Examine the possibility of state responsibility for certain county jail inmates.
- ?- 17. Develop a state uniform method for the collection, examination and dissemination of jail population information.
- 0- 18. Authorize legislation to allow private vendors to build, operate and maintain a jail and allow vendors to sell this service to local governments via a long-term contract.

### Streets, Roads and Bridges

- 0- 19. Encourage local governments investigate sharing of equipment and manpower in order to save money, use joint bid process for purchasing, and state bid process participation.

- 0- 20. Authorize the creation of "special service districts" with the purpose of providing financing for construction and maintenance of local streets, roads and bridges.
- 0- 21. Place bridge construction on a priority system, when the current bridge per county program for off-system bridges has completed its present cycle.
- 0- 22. Encourage State Highway Department to clarify the availability and limitations of technical assistance and training through its existing programs and communicate that to local government officials and staff as appropriate.

#### Intracity Bus Transportation

- 0- 23. Encourage local and state government and the Montana Transit Association to analyze existing sources of funds for local bus systems and propose new or alternative sources of funds to substitute for anticipated cutbacks in existing federal operating subsidies for buses. The current state 12 mill levy limit on local transit districts should be considered in this study.

#### Railroads

- ?- 24. Establish a system to maintain rail lines that are necessary to Montana's future transportation.

#### Airports

- 0- 25. Find alternative funding for airports inasmuch as the bond program terminates at the end of FY 85.

#### Utilities

- 0- 26. Provide statutory authority for water, sewer and solid waste programs to create a "replacement fund" (based on a percentage of the operation and maintenance budget) and mandate use of these funds for replacement only, and establish legal authority to carry these funds over from year to year.
- 0- 27. Encourage cooperation between Department of Health and local officials in designing a training program for facility operators that includes temporary replacement of operators for classroom training and incorporates more on-the-job training.
28. Enact state legislation to create an effective dam safety program.

### Communication and Information Facilities

- ?- 29. Encourage local governments to upgrade land-mobile radio systems to high-band channels incorporating the use of appropriate common mutual aid frequencies.
- ?- 30. Continue to support and provide comprehensive planning efforts in the area of telecommunications through the Department of Administration.
- 0- 31. Expand the legislation creating Television Tax Districts to accommodate the funding of community telecommunication centers.
- ?- 32. Provide technical assistance, especially in the areas of library construction planning and financing, to local libraries.
- 0- 33. Consider the Montana Public Library standards in determining the adequacy of existing library facilities and in any planning for new or remodeled facilities.

### Other Local Government Facilities

- 0- 34. Provide technical assistance for local governments to plan and obtain retrofit of buildings for energy efficiency.
- 0- 35. Provide technical assistance to local governments in planning handicapped access.
- 0- 36. Create statutory authority for county governments to have a single capital improvement fund that can be used for facility types not covered by user fees.

### 37. Recommendations for An Interim Commission

- ?- The issues surrounding local government State Funds and infrastructure are complex. The above recommendations are only the beginning of the changes necessary to remove unnecessary barriers that add to the costs of local public facilities or prevent our local officials from acting altogether. A complete renovation of Montana's statutes governing local financing, revenue and capital improvement authority must be undertaken. To this end, an Interim Commission on Infrastructure must be instituted to include representation from the legislature, the administration, local governments and private sector groups. The Commission must have a budget of adequate size to assure that the following topics receive thorough research and analysis:

- a. Comprehensive review of local bond legislation, with the intent of recodifying into three sections: revenue, general obligation and special districts; also statutes governing the amortization of bond issues should be changed to allow local governments flexibility in structuring the most suitable financing package.
- b. Research existing tax and fee rates for similar facilities across local governments to determine the range of local tax/fee burdens. Establish a method for assessing overall tax burdens on local governments in relation to the local government's tax base and ability to pay. Investigate the role user fees play in meeting costs of facilities, especially for utility facilities, and the equitability of rate structures for individuals of limited income. Examine whether there are situations in which additional state assistance in the form of grants and loans is justified, for either individual or local governments.
- c. Examine other aspects of local finance including: use of sinking funds; hook-up fees; use of lease/purchase as a long-term financing mechanism; mill levy ceiling; debt ceilings; use of additional revenue sources to reduce reliance on declining property tax base. Also suggest ways local governments can foster economic development activities to increase their tax base.

#### Statutory Regulations:

- d. Modify the role of the PSC in local government utility regulations to reduce and/or eliminate their involvement. Special attention should be paid to increasing amounts allowable for replacement funds and emergency funds in setting rates.
- e. Review and modify statutes beyond local government utilities that regulate the setting of fees for locally provided services to allow for local discretion in meeting actual costs.
- f. Review statutes that require specific elected or appointed officials to carry out specific responsibility for infrastructure, to allow for the hiring of trained managers for infrastructure facilities.
- g. Review and improve statutes on capital improvement planning and integrate compliance with these statutes into programs of state financial

assistance. Provide additional state funds for training in how to do capital improvements planning and grants to pay the costs of compliance.

#### Transportation Facilities:

Transportation facilities are crucial to Montana's economic well-being. Existing state information indicates that these facilities represent the largest area of financial need (identified \$8 billion). The Task Force recommends that this Commission look specifically into transportation facilities through the following areas:

- h. Conduct comprehensive analysis of road, street, bridge, urban transit and rail abandonment needs at the local level, and perspectives of local officials on these needs.
- i. Review standards for construction and the role they play in determining costs for construction and maintenance, and liability for law suits.
- j. On the basis of this comprehensive analysis of both h. and i. above, suggest ways of financing local transportation needs including: rail branchline rehabilitation and acquisition of capital equipment; street, road and bridge construction and maintenance; intracity bus transportation systems.





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## SECTION II

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### REPORT OF THE SUBCOMMITTEE ON TRANSPORTATION FACILITIES

#### A. Bridges:

Local governments are responsible for construction, reconstruction or rehabilitation of all bridges on all public roads and streets in Montana which are not under State or federal jurisdiction. In addition, local governments are responsible for maintaining all bridges on public roads and streets in Montana which are not the maintenance responsibility of the State or federal government.

Deficient bridges which are the responsibility of local governments can be eligible for State/Federal funded replacement or rehabilitation under the State's Off-System Bridge Program. Under this program the State, in cooperation with local governments, selects a limited number of deficient local bridges for state administered projects (the State designs and administers the construction). Bridges replaced or rehabilitated under the program remain the responsibility of local government, except for those few cases where they were previously the responsibility of State or federal government.

Safe and convenient bridges ensure the integrity of the State's transportation system. This system is essential to basic industries such as agriculture, wood products and resource extraction. In addition to

commerce, our bridges provide access to recreation, local business, emergency transportation and a multitude of other uses made possible by eliminating costly and inconvenient detours.

There are 2,142 bridges located on city and county jurisdiction roads and streets; 919 of these are structurally deficient and in need of replacement; 798 bridges are structurally obsolete and in need of rehabilitation.

At today's costs \$72.5 million will be needed to replace the 919 structurally deficient bridges and \$27.5 million to rehabilitate or replace the 798 structurally obsolete bridges. Therefore, it will cost \$100 million to meet today's needs for local jurisdiction bridge systems.

The 1982 Federal Surface and Transportation Assistance Act provided that 15 percent of the federal bridge replacement and rehabilitation funds must be spent on bridges that are not on Federal Aid System routes (Off-System Bridges). In Montana, 1,717 off-system bridges currently need replacement or rehabilitation. Of these, 45 will be paid for during the next 5-6 years with combined State/Federal funding.

#### B. Local Streets and Roads

There are approximately 78,000 miles of roads, streets and highways in Montana. Of this total, only 8,000 miles are the maintenance responsibility of the State Highway Department. The vast majority, or 70,000 miles, fall entirely to local governments to support. This amounts to almost 90 percent of our motor vehicle network. This hefty local

responsibility falls into two categories: roads that are the responsibility of counties and streets that are the responsibility of municipalities.

## 1. Roads

For the purpose of this report, roads are divided into two categories in order to clarify funding responsibility: Federal-aid (FA) roads and off-system (non-FA) roads. FA roads include interstate, primary and secondary. Off-system roads (non-FA) include all other than FA.

County governments are responsible for construction and maintenance of all off-system roads and also for maintenance of federal-aid secondary (FAS) roads that are not maintained by the State.

FAS road construction is eligible for federal/state funding contingent upon fund availability. FAS roads funded and constructed with federal/state funding are then turned over to the counties for use (and maintenance as is the case with Bridges constructed with Federal/State funds). Maintenance responsibilities include drainage, snow removal, pavement and gravel surface preservation, encroachment permits, signing, striping, weed control and brush cutting.

Roads provide the safe and convenient structure essential to the state's transportation system. They foster a reciprocal interchange between rural and urban areas for the promotion of industrial, recreational, business, personal, and other activities.

The State of Montana contains 68,261 local government jurisdiction road miles: 93 percent (63,546 miles) of that is total local government responsibility, the remaining 7 percent (4,715 miles) is eligible for FAS construction funding.

The 63,546 miles of county road responsibility need \$6.4 billion dollars for rehabilitation or reconstruction to reach the level of "acceptable use." The FAS roads need \$600 million in rehabilitation or reconstruction. The total cost of meeting these needs is \$7 billion using 1984 prices as the base figure for this estimate.

Total estimates of road rehabilitation and reconstruction needs for the State of Montana are \$7.0 billion. In FY 1984 the FAS system will receive \$15,042,485 of Federal/State construction funding and it is anticipated a like amount of FAS funding will be available for FY 85, 86, and 87. There is also \$6.5 million per year provided from the state's earmarked motor fuel taxes under current statute. This will leave the local governments with an estimated responsibility of \$6,933,330,060 for local road rehabilitation and reconstruction.

Presently, most counties are unable to adequately maintain the existing roads. Therefore, new construction is being discouraged. Where new construction does occur (subdivisions, etc.) some counties will not accept the roads for maintenance. The counties are in most cases only attempting to maintain the existing system, except where growth and development dictate otherwise.

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*           A CASE STUDY OF GALLATIN COUNTY'S ROADS
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*   In Gallatin County, there's a state-built $410,000 bridge
*   with no access; the road leading to and from it is closed
*   because the county has no funds to repair it. About 110
*   miles of paved roads need repair, at $110,000 per mile
*   for reconstruction, or $56,000 per mile for an overlay.
*
*   Many roads, poorly built with local materials and not
*   constructed to any standard, cannot handle current
*   levels of traffic. Of the 500 miles needing repair,
*   20 miles per year can be maintained and updated within
*   the existing budget. In 1984, one road collapsed
*   because of poor base.
*
*   One problem stems from subdivision residents living
*   within 15 miles of Bozeman using poorly built roads.
*   The 20-acre loophole in subdivision law has allowed
*   land use that damages roads. By law, the county cannot
*   assess developers for off-site costs. A system for
*   determining equitable road maintenance districts is
*   viewed as necessary, as are increased fees from
*   developers.
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## 2. Streets

The municipal government is responsible for the financing, construction and maintenance of the majority of municipal streets.

Street construction on off-system (non-federal aid system) streets is funded and performed by the local governments. Street construction on on-system (federal-aid system) streets is eligible for federal/state funding. Most on-system street construction is funded and administered through the Montana Department of Highways.

In most cases, all street maintenance, with the exception of primary routes, is a local responsibility, regardless of how it was constructed.

A good street system plays a major role in community and economic development. It is a critical link in the statewide transportation system. The disruption of a street system has a personal effect on many local residents. Public safety, service demands and convenience are beneficial street functions that are often taken for granted. A well planned, adequately maintained street system serves as an attraction to new businesses and new residents.

The off-system Montana streets, which are the responsibility of city governments, total 2,442 miles. Seventy-five percent (1831) of these streets need major repair or reconstruction.

Local governments assume construction and maintenance responsibility for about 84 percent (2,442 miles out of 2,892) of Montana's street needs. The remaining 16 percent (450 miles) qualify for federal-aid designation. This aid comes in the form of a fully constructed street, constructed under contract administered by the State Department of Highways, and funded with federal/state match money. Once the street is finished it is turned over to the city.

It is estimated that the cost of needed rehabilitation and reconstruction for the 84 percent of non-federal-aid streets is \$1.1 billion: \$900 million for rebuilding projects, \$200 million for

rehabilitation projects to arrive at an "acceptable use" level. The majority of this burden falls on the medium-to-small communities and the available revenue for the streets in these communities is not enough to meet the need.

In FY 84 \$4,794,606 in Federal Aid Urban Construction funds were available to eligible cities for street projects administered by the State. At present, \$7.65 million a year is provided from the State's earmarked motor fuel tax collections by statute. It is doubtful the available funding fully meets the needs on eligible streets. It is likely that those ineligible communities are hard pressed to come close to raising the funds necessary to meet their needs.

C. Airports:

The airport is owned, operated and maintained by the local government with funds collected at the local level. Capital improvement funds from State and federal sources are available to 58 percent of the Montana airports, while the remaining 42 percent must rely on self-funding for capital improvements.

Most counties have an airport board which acts in an advisory capacity to the county commissioners, who retain decision making authority. However, some counties have an airport authority. The difference between a board and an authority is that an airport authority can obligate the commissioners to assess full allowable millage, as authorized by Montana codes, whereas the "board" cannot. An airport authority also has the power

to create a Sinking Fund - up to \$5 million - for the use, repairs, maintenance, and capital outlays of an airport. This fund can be carried over from year to year, whereas an airport board has no comparable funding mechanism.

The public benefits of an airport are a combination of public health, economic support and public services to the State. Here are some examples of how the public benefits from adequate airport facilities:

- rapid transportation of goods and services
- air ambulance
- U.S. Forest Service fire patrol
- fish and game management
- cattle buyers
- timber industry support (parts and labor)
- tourism and recreation
- search and rescue
- mail services
- business travel

The breakdown of any one airport in the network will have adverse effects on many statewide functions.

Out of 116 Montana airports, 64 are in need of major repair or reconstruction and there is a need for 2 new airports in uncovered service areas.

The total cost of meeting current needs is \$19,819,000. A 5-year plan addresses \$17,974,600 of those needs using 90 percent federal grants and 10 percent state/local matching funds. The remaining \$1,944,400 will have to be paid, solely, by the already financially overburdened local authorities that do not qualify for federal/state aid (KalisPELL airport is one



example). It is not clear whether the local governments can actually raise this amount of money.

State assistance in airport funding has historically been through a grant and loan program. The funding came from a portion of the 1¢ per gallon aviation fuel tax. However, due to insufficient revenue and the legislature's refusal to increase this tax, the program had to be eliminated in 1983. The legislature did, however, authorize the sale of a \$1.3 million bond through the Long Range Building Program. This money could only be used for loans to communities for 10% match money for airport projects being funded through a 90% grant from the Aviation Trust Fund administered by the FAA. The \$1.3 million will leverage an additional \$11.7 million for Montana airports.

Because only 5-10 projects per year are possible under the federal grant/state match program, it will take 6-12 years to address current (1984) needs, since the federal grant/state match program will provide only \$17,874,000 of the total \$19,819,000 needed. Since it will take the program 6-12 years to meet current needs, presumably funding any new needs identified in subsequent years will be even further delayed.

#### D. Rails

Until now, Montana local governments have not been responsible for rail transportation facilities. Due to recent rail abandonments and further reductions in federal funding, local governments may be forced to assume responsibilities for communities economically dependent upon rail services.

Rail transportation can be, and often is, tied to the economic vitality of a community. It is the most efficient bulk commodity carrier for long distances. When this service is withdrawn it can change the complexion of a dependent community. It effects the economy, population, business and the tax base.

A 1984 Montana Department of Commerce report states that there are 3,479 total rail miles in the State. Since 1979, 26 percent (1,217 out of 4,697) of rail miles have been abandoned.

There are two alternatives available to rail-dependent communities which have been impacted by rail abandonment: shipment by truck or the local operation of the rail system, an option recently made available to local government through new legislation.

Trucking of bulk commodities is not always feasible for every community. Increased truck transportation will add to already stressed roads and highways. In many cases the cost of reconstructing and maintaining roadways may be more costly than that of reconstruction and maintenance of railways.

Rail responsibilities assumed by the local governments would be primarily a local financial responsibility as there are essentially no other funding resources.

In the final analysis this is a major problem for some small communities.

## E. Buses

Montana municipal buses service two distinct populations: the general public and the elderly/handicapped user.

The essential elements of a public bus system are the following: transfer center, storage facility, vehicles, passenger shelter, and administration offices. Responsibilities for public transportation are assumed by cities, counties, tribal governments or special transit districts (which have taxing authority). They provide either fixed-route or demand-responsive transportation to the general public within their jurisdiction. They function as a safe and convenient alternative to automobile transportation. The benefits of public transportation are:

- mobility for the transit dependent,
- less congestion on streets and highways,
- reduced auto air pollution,
- safer transportation, particularly during inclement weather, and
- reduced demand for individual auto parking spaces.

Specialized transportation for the elderly and handicapped provides a means for this transit dependent population to obtain medical, nutritional, educational, recreational and other personal services. Bus services are generally provided by private-non-profit corporations which are also involved in some other type of service for the elderly and handicapped. This type of transportation is the most cost effective, safe and reasonable way to keep our elderly and handicapped out of institutions and in their familiar environments.

There are 12 public transportation systems in the State of Montana which reflect needs costing approximately \$2.5 million:

- One existing system has a need for a transfer center at a total cost of \$1 million.
- A 5-year plan identifies the need for 30 replacement and expansion vehicles for a total cost of \$1.5 million.

1. Public Transportation

Montana's public transportation systems will need \$2.5 million to be brought up-to-date. The Montana Department of Commerce believes that 50 percent (\$1.25 million) of that responsibility falls to the local governments. Local and state laws which dictate "mill caps" generally make this funding impossible, because the taxable value varies, county-by-county. Only 17 percent (2 out of 12) of the current bus systems can generate sufficient funds under their present mill caps. Further, the local cap often restricts matching funds to the point where federal grants cannot be fully utilized.

2. Specialized Transportation

Each year approximately 40 requests for vehicles to transport elderly and handicapped persons, are submitted to the Montana Department of Commerce at a total cost of \$1 million. Historically only 25 percent (approximately 10 vehicles) of those requests get federal funds. The remaining 30 vehicles rarely get funded by the local governments because the State mill cap for this type of transportation is set at one mill and most counties don't bother to levy that because it won't meet the cost of a vehicle.

F. Recommendations of the Subcommittee on Transportation:

1. Summary of Problems

With preliminary estimates of need topping the \$8 billion figure, transportation heads the list in terms of magnitude of investment in infrastructure. It should be noted that this figure is based on state level information, not on priorities set at the local level.

Nevertheless, it points out the central problem: local revenue sources are in most cases insufficient to keep up with our transportation needs, whether they be rail, road or passenger transit systems.

The situation is sufficiently complex and enormous to be beyond the capability of this Task Force to solve. In recognition of this, and of the vital role transportation plays in our lives, we recommend that local transportation facility be the one facility type addressed specifically by the Interim Commission recommended elsewhere in this report.

The remainder of our recommendations focus on suggestions that can be acted upon fairly quickly and address improvements in the existing mechanisms for system maintenance.

Airports

1. Find alternative fund for airports inasmuch as the bond program terminates at the end of FY 85.

### Roads, Streets and Bridges

1. Encourage local governments to investigate sharing of equipment and manpower in order to save money, also joint bid process for purchasing, and state bid process participation.
2. Place bridge construction on a priority system when the current bridge per county program for off-system bridges has completed its present cycle.
3. Encourage State Highway Department to clarify the availability and limitation of technical assistance and training through its existing programs and communicate that to local government officials and their staff as appropriate.
4. Authorize the creation of "special service districts" with the purpose of providing financing for construction and maintenance of local streets, roads and bridges.

### Railroads

In the last legislative session, House Bill 815 gave the State the authority to evaluate and acquire branchlines and to assist local people in setting up shipping associations or rail authorities to operate those branchlines.

1. Establish a system to maintain rail lines that are necessary to Montana's future transportation system.

## Public Transportation (Buses)

1. Encourage local and State government and the Montana Transit Association to analyze existing sources of funds for local bus systems and propose new or alternative sources of funds to substitute for anticipated cutbacks in existing federal operating subsidies for buses. The current state 12 mill levy limit on local transit districts should be considered in this study.

## General Recommendations

1. The establishment of more flexibility in local taxing mechanisms must be examined. Flexibility would help local governments meet their infrastructure needs.
2. The Montana Subdivision and Platting Act (MSPA) must be changed to adequately address the impact that the exemptions to the law have in the creation of new streets, roads, and bridges. The goal of the MSPA must be to ensure that public health and safety is protected when new streets, roads, and bridges are created as a result of new divisions of land and new development of land. The repair, replacement, and maintenance costs of streets, roads, and bridges depends on how these facilities are constructed in the first place -- especially whether or not the new facilities meet commonly accepted engineering and design standards.

3. Encourage local and state governments to work with the County Superintendent and Foremen's Association to provide information on public facilities, planning management, and financing.
4. Steps must be taken to strengthen the property tax base for local government.
5. Technical expertise to address the problems, particularly future planning, needs to be provided to local governments.
6. There must be more flexibility in local government budgeting. One example where flexibility is needed is in the creation of "sinking funds."
7. A larger sampling of local problems and needs is necessary in analyzing local problems and solutions in local transportation public facilities.
8. New sources of revenue for capital improvements for local governments needs to be examined and authorized.
9. It is suggested by this subcommittee that the Legislature establish an Interim Commission on Local Infrastructure.

In terms of transportation issues, the Interim Commission should work with representatives of the following:



- Legislative Representative
- City Transportation Specialist
- City County Representative
- County Commissioner
- State Government Representative
- State and Private Rail Representatives
- Private Industry Representative

This Commission should be charged with the overall task of improving local government's ability and resources to deal with local infrastructural problems. In light of both the importance and magnitude of need in the area of transportation facilities, we feel the following transportation issues merit special attention:

1. Conduct comprehensive analysis of road, street, bridge, urban transit and rail abandonment needs at the local level, and perspectives of local officials on these needs.
2. Review standards for construction and the role they play in determining costs for construction and maintenance, and liability for law suits.
3. On the basis of this comprehensive analysis of both 1. and 2. above, suggest ways of financing local transportation needs including: rail branchline rehabilitation and acquisition of capital equipment; street, road and bridge construction and maintenance; intracity bus transportation systems.



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### SECTION III

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#### REPORT OF THE SUBCOMMITTEE ON UTILITIES

##### A. Community Water Systems:

When looking at water systems in Montana, it is important to note that there are many legally recognized ways to manage a water system. There are three general types of administrative/managerial entities for water systems:

- Municipal systems (incorporated cities/towns)
- Special districts (county sewer and water districts, special improvement districts, rural improvement districts)
- Private systems (rural water user associations, pure private systems for subdivisions and mobile home courts and some municipal systems)

Financial and management issues or problems in constructing, maintaining and replacing water facilities depend upon the managerial/administrative entity governing the water system.

The physical and financial data available cross-cut several of these classifications and does not fit neatly within any one of them. There is no one database which provides standardized physical needs data or financial data on all multiple user water systems within the state.

Regardless of the classification used, the definition of a water system is: a water supply source, water treatment, a distribution system and storage. The primary function of a water system is to provide a safe and convenient supply of water for drinking, fire protection and irrigation. The capacity of a system must be large enough to support "peak" personal and commercial demands, as well as accommodate community growth.

## 1. Municipal Systems

A survey done in the winter of 1983 documented a total of 264 capital project needs by 75 percent of Montana's incorporated cities and towns. The physical needs are:

- 134 distribution projects
- 55 supply projects
- 45 storage projects
- 30 treatment projects

Based on the survey results of 75 percent of Montana's municipalities and on projections for the 25 percent of the municipalities who did not respond to the survey, it is estimated that \$100 million is required to meet current water repair needs for all of Montana's municipalities. (This figure is very conservative since the survey asked municipal officials to list only their top priority water projects -- they did not list all of their needed water projects. This figure does not include rural water systems, unincorporated cities/towns or water districts.)

## 2. Rural Type Systems

Thirty-five percent of the 279 rural water systems are in need of major upgrading to bring them into compliance with the "10" State

Water Quality Standards. It is also felt that 55 percent of these rural systems have insufficient financial resources for repair or replacement of existing facilities, and that some daily financial obligations cannot be met.

Because there is no comprehensive database on the need for improvements to water systems in Montana it is impossible to arrive at an accurate estimate of need. However, we do know from the Montana League of Cities and Town's survey of incorporated cities/towns and on Utilities Subcommittee projections that a minimum need of about \$100 million exists.

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\* A CASE STUDY ON GLENDIVE'S WATER SYSTEM \*

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\* Although the Yellowstone River provides a more-than-adequate  
\* supply of water, the city's treatment plant, built in 1919 and  
\* remodeled in 1959, is deteriorating. Population in the area is  
\* declining, but groundwater quality problems have led outlying  
\* unincorporated areas to seek annexation so demand is increasing  
\* -- demand that cannot be met with existing facilities. \*

\* \*

\* Last year, residents were forced to shut off their water to  
\* refill municipal tanks, and voluntary water rationing was  
\* requested. Summer demand cannot be met because of the  
\* treatment plant and inadequate intake structure. Ever since  
\* sewer and water fees were separated, the water service has  
\* run at a loss; a 10 percent fee increase in June, 1984, only  
\* covers operation and maintenance. \*

\* \*

\* A master plan completed in 1983 pointed out necessary  
\* improvements, which would require a revenue bond that would  
\* in turn nearly double rates. In 1982, it was estimated that  
\* a new treatment plant would cost \$4-7 million, distribution  
\* lines \$2.5 million, and an intake \$425,000. The city is  
\* currently deciding how to phase improvements before asking  
\* the Public Service Commission for a rate increase. Glendive  
\* is reluctant to do this, however, because population is  
\* declining and consists of a high proportion of retired  
\* people living on fixed incomes. \*

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**B. Wastewater Treatment and Disposal:**

The local authority (city, county or sewer district) is charged with the physical and financial responsibility of operating and maintaining its wastewater facility. Depending upon what type of governing authority is present, the decision makers are the city council, county commissioners or a sewer board.

When local governments want to fund treatment works (plants, lines and disposal) they have several funding sources: federal/State grants and loans satisfy some of the capital costs, the remaining costs are funded at the local level using mill levies, bond issues and user fees (the major source). It's important to note that once a capital project is constructed, the operation and maintenance responsibility falls on the local government. In addition, over the life of the facility, energy costs for operations actually exceed construction costs.

Wastewater systems prevent health hazards and nuisances to the public at large. Toward this end, a good system must restore and maintain the chemical and biophysical integrity of State waters. Failure to do so could result in disease, loss of recreational opportunities (fishing, swimming, boating, hunting, etc.) and loss of economic opportunity to those whose livelihood depends on clean water.

There are no universal figures which tell us how many public and private wastewater facilities exist in Montana. However, we do have some 1982 population data: 69 percent of the population reflected needs for construction of new systems or that of bringing old systems up to standard;

the remaining 31 percent, according to the population study, had no existing need.

A 1984 evaluation of 203 public wastewater systems for which information exists indicates a monetary need of \$231,276,000 for repair, replacement, or construction. This cost figure includes projected capacity demands necessary for population growth of 20 years (2004).

The state anticipates that EPA will be providing \$12 million per year in grants for these facilities.

C. Solid Waste:

Local governments and private entities are responsible (and liable) for the financing, operation and maintenance of Montana's Waste Management Systems. Waste Management includes: landfills (fencing, equipment, equipment storage, etc.), transfer stations, and incineration systems. Most local governments own their landfill property; however, some are leased from private, state or federal owners.

This facility provides basic protection to human health and the environment by maintaining adequate waste management services statewide.

Solid waste management disposal needs for the the State of Montana are estimated at a cost of \$6,550,000. A national rule of thumb indicates that disposal costs are only 25 percent of the overall costs of running a system. Therefore, an estimated \$19,650,000 is needed for collection which is totally a local responsibility.

Nine percent of Montana's population is being served by solid waste systems that are out of compliance with DHES standards. It will cost \$1 million to bring these into compliance and another \$5.4 million to maintain all systems at a compliance level (including operational costs). The total annual bill for statewide compliance is \$6.4 million.

Ten Montana counties have un-met needs for solid waste planning studies at a cost of \$150,000.

According to a study conducted by the Department of Health and Environmental Sciences, this facility is fairly successful at supporting itself. The "district" approach where multi-jurisdictional collaboration can reduce the overall cost to its users is proving to be beneficial. Additionally, the Legislature provides a budgetary mechanism with an eye toward the future: it gives local governments statutory authority to establish a capital improvements budget that can be carried over at years end.

However, long-range planning is the key concern. Some solutions are expanded technical assistance and removal of those legal constraints which prevent multi-county districts from incurring long-term indebtedness.



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\*        A CASE STUDY OF HILL COUNTY'S SOLID WASTE-REFUSE        \*  
\*        DISPOSAL DISTRICT        \*  
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\*  
\*        When the county landfill was violating health standards and        \*  
\*        the Havre landfill was near capacity -- problems shared by        \*  
\*        neighboring cities and counties -- the problems were solved        \*  
\*        by an interlocal agreement involving 12 jurisdictions. The        \*  
\*        alternative was maintaining the individual sites, some        \*  
\*        violating state and federal law, and the possibility of water        \*  
\*        pollution, rat infestation, and spread of litter posing        \*  
\*        potential threats to human health.        \*  
\*  
\*        The extensive planning effort, completed by public officials        \*  
\*        and citizens on a volunteer basis, required no outside        \*  
\*        financial assistance. The \$600,000 landfill system was        \*  
\*        funded by an 8.3% tax free loan provided by a five-unit bank        \*  
\*        system serving the area. The landfill was designed to meet        \*  
\*        the needs of the 1,200 square mile area for 11 years, and        \*  
\*        has not resulted in increased user fees.        \*  
\*  
\*        The most difficult constraint to the agreement was posed by        \*  
\*        the Montana law authorizing interlocal agreements, which does        \*  
\*        not adequately guarantee long-term financial commitments by        \*  
\*        local governments. The problem was studied by volunteer        \*  
\*        committee members and county attorneys, and solved when the        \*  
\*        participating districts agreed to obligate themselves for a        \*  
\*        portion of the 20-year debt.        \*  
\*  
\*\*\*\*\*

#### D. Hazardous Waste Disposal:

Hazardous wastes possess four general characteristics: toxicity, chemical reactivity (includes explosives), flammability and corrosivity. Although these characteristics are innate to many substances they must be of a combination, quantity or concentration such that they pose a threat to the environment or human health. In hazardous waste disposal there are two predominant issues: (1) operation of a safe disposal facility, and (2) clean up of existing contaminated sites in Montana. There are no local government or state government hazardous waste facilities in Montana.

Therefore, shipment to an out-of-state site is necessary when hazardous wastes exceed the state's allowable limits for landfill disposal.

The State Department of Health and Environmental Sciences administers a federally mandated regulatory program. This program, created pursuant to the Federal Resource Conservation and Recovery Act of 1976, regulates the generation, storage, transportation, treatment and disposal of hazardous wastes. Some of these functions are performed in partnership with the local governments. The State also manages the federal Superfund clean-up program which deals with contamination occurring before November 19, 1980 as well as current emergency situations. The State-managed program performs clean-up of contaminated sites. Basically, the hazardous waste clean-up costs will be borne by the responsible party - local/state government or private sector.

Local governments, as generators and recipients of hazardous substances, act in a surveillance and data gathering role. Local governments may be "generators" of hazardous waste in that they purchase, use and store hazardous substances for maintaining their equipment, roads, bridges, streets and weed control programs. Local governments are "recipients" of hazardous substances by virtue of their operation of public sewage treatment and landfill operations. An important local government responsibility is to monitor local landfills to insure that State safe levels for hazardous wastes are not exceeded. Most hazardous substance mishaps of a non-major type draw on the funds, time and equipment of local government staff. Those departments which may be involved include the following: health, fire, police, sheriff, disaster and emergency services.

Proper management and regulation of hazardous wastes contributes to a safe and healthy environment. It provides for ground and surface water protection, livestock protection, the quality and usefulness of land and air (burning regulations), and prevents direct bodily threat to humans.

Because we cannot quantify the hazardous waste activity in our landfills we do not know what the overall situation is. And, although we can quantify the amount that is being shipped out of state for disposal, it is insignificant to the local governments, because it's primarily "private industry" generated. The real concern to the local governments is one of liability. Insufficient staffing at the landfill site poses the possibility of illegal contamination.

Although the local governments have a minor role in the funding of hazardous waste programs, an anticipated change in the Federal regulations could cause local needs for closer monitoring of landfill sites, and additional funding to transport their wastes to out-of-state treatment, storage, disposal facilities. In addition, a local government may be responsible for cleaning-up a contaminated site if the local government caused the problem.

#### RECOMMENDATIONS OF THE SUB-COMMITTEE ON UTILITIES

##### A. Summary of Problems:

In general, the technologies are available and the expertise exists within Montana to accomplish the physical needs in upgrading repair and

replacement of our utility infrastructure. The utility sub-committee believes constraints to infrastructure improvements lie primarily within legal, administrative and financial mechanisms under which we operate. The following recommendations apply to each utility category in varying degrees but are generally applicable to all.

**B. Recommendations:**

1. Fund a program for state assistance to regional and local jurisdictions for front end planning and implementation of solid waste management systems to include:
  - grants and loans
  - technical assistance
  - encourage "economies-of-scale" savings through regional cooperation.
2. Remove legal constraints that limit multiple jurisdiction, long term financing commitment.
3. Provide statutory authority for water, sewer and solid waste programs to create a "replacement fund" (based on a percent of the operation-maintenance budget) and mandate use of these funds only for replacement, and establish legal authority to carry these funds over from year to year.
4. Operations, maintenance and replacement activities of a local utility should be financially self-sufficient and funded by user revenues.
5. Initiate a serious review of the adverse effects of P.S.C. involvement in local management of public utilities, and seek more viable alternatives (with emphasis on local influence on the review process).

6. Recognize and evaluate the need for local discretion in the commitment of funds.
7. Investigate the effectiveness of using "hook-up" fees for future plant expansion.
8. Encourage cooperation between Department of Health and local officials in designing a training program for facility operators that includes temporary replacement of operators for classroom training and incorporates more on-the-job training.
9. Enact state legislation to create an effective dam safety program.



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## SECTION IV

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### REPORT OF THE SUBCOMMITTEE ON COMMUNICATIONS AND INFORMATION

#### A. Local Government Communications Facilities:

Presently, communication facilities in the state have been used and thought of primarily in the area of emergency communications for police, fire, and other traditional providers of public welfare and safety. Of immediate concern in meeting this necessary use of local communication facilities is the fact that a minority of the local governments providing these services are on low-band land mobile radio systems while the majority of local governments and the State are on high-band systems. In situations where mutual aid is necessary, these systems are unable to communicate directly, causing delays in situations that are very often life-threatening.

No accurate figures are available to indicate the cost of converting those remaining local government systems to high-band frequencies.

The potential for development of expanded communication facilities at the local government level is critical. In a large rural state like Montana, community access to information resources and public services that are traditionally available in more urban areas is frequently difficult and

costly. However, modern telecommunications technologies can substitute effectively for proximity of resources in many instances.

The state of Montana has quite a multiplicity of telecommunications resources of various kinds, both public and private, but they have not been integrated into an efficient user-oriented system. The keys to cost-effective utilization of telecommunications, especially in sparsely populated areas, are the aggregation of users and the sharing of facilities. User equipment as well as systems of electronic interconnection are too costly for individual agencies or institutions to hold separately, particularly where the volume of use is light. However, communities could pool their resources and establish community information/communications centers equipped for a variety of telecommunications media activities and available to all.

The centers could be located in a meeting room of the local library, the courthouse, the high school, or any readily accessible meeting place. They could be equipped with videotape players/recorders, monitors, audio telephone/teleconferencing equipment (such as METS), computer terminals (ACNET), microcomputers, facsimile/slow-scan video receivers, videodisc, electronic tablets/blackboards, etc., depending on the uses and needs of the community. Various entities around the state have this type of equipment, but it has generally not been made available to other users. Given a pooled resource situation the potential for adequate maintenance and trained assistance for users becomes more feasible than would be possible or realistic for individual agency or institutional offices. A local facilitator or media specialist could be hired to manage the



facility out of user fees, a local tax district, a state program, private support, or any combination thereof.

Well equipped community information/communications centers located around the state could serve as nodes for an interconnection system that would provide efficient distribution of public services and access to public resources. Currently, for example, many agencies and organizations lease dedicated telephone lines individually and have never explored the possibility of a shared use system -- essentially a communications highway for everyone to ride on. Such a telecommunications system has been recommended for statewide interconnection\*, but the community level pooling of resources and the planning and development of centers remains a matter for local initiative.

#### B. Local Community Libraries:

Libraries are an informational resource center for Montana communities. A library is a "communication center" for the dissemination of ideas. Libraries link users to information/idea interchanges (i.e., publications, audiovisuals, computer data bases) throughout the community, region, nation and the world.

In addition, libraries provide recreational and social programs. In many Montana communities, the local library also functions as a community meeting place or community center.

\* Report of the Information Dissemination Subcommittee, Montana Advisory Council on Science and Technology, June 1984.

County Commissioners and members of municipal councils, governing within their jurisdictions, deal with matters of taxation and public service delivery for libraries. Public library boards of trustees set policies to guide library personnel management, collection development and business transactions which may include cooperative service agreements, preparation of annual budgets, reports to the governing body, and capital improvement and fund-raising projects. Federations unite public libraries within six geographic areas that cover the state. The structure of the federations provides a mechanism for cooperation among local jurisdictions. Each of the six federations looks to its own advisory council to guide provision of services to federation member libraries. Currently there are 116 local public libraries (not including school or university libraries) in Montana.

The Montana State Library Commission adopts standards for local libraries. The standards are community based and do not mandate local libraries be of a certain square footage or built of specific materials. The standards do give general guidelines. Facility size and construction (factors which drive facility costs) are somewhat subjective and are locally determined.

The Montana State Library also administers the (federal) Library Services and Construction (Title II) Grant program. The program awards grants to local libraries. Although this grant program has been in existence for many years, Congress did not fund it for the past ten years. Then in 1983 Congress, as part of the Jobs Bill Program, provided Title II funds to Montana. Currently, a Title II reauthorization bill which provides

additional Title II grants for 1985 has been passed by the Congress and signed by the President.

The private sector plays a limited role in supporting and funding libraries. Private foundations, such as the Burlington Northern Foundation, may provide grants. Local libraries sometimes are forced to raise funds through such activities as bake sales and donation drives.

In October 1983, the Montana State Library and the Montana Contractors' Association conducted a mail out survey of the 116 libraries in the state. Local library administrators were asked to estimate their library's current needs for facility repair, replacement, or expansion. (Needs for new construction were not included.) Out of 116 libraries, 85 (79%) responded to the survey. Here are some of the findings of the survey:

- Fifty seven Montana libraries had a need to repair, replace, or expand their facility.
- Individual needs ranged from as low as \$500 to as high as \$285,000.
- Most of the librarians who reported a need for repair attached a price tag in the \$5,000-\$8,000 range.
- The cumulative, statewide dollar amount estimated to meet the current needs of the 57 libraries is at least \$419,380.

The dollar figures mentioned above can be assumed to be conservative because:

- Thirty-one libraries did not respond to the survey and, presumably some of these have facility needs; and
- In most cases the figures reported were "educated guesses" -- they were not based on architectural plans. Typically, when professional architectural plans are completed, cost figures rise; and
- The 1983 survey only asked for repair and/or remodeling costs. It did not ask for new construction needs and costs. Since new construction needs and costs are normally big ticket items, any

current local needs for new construction would significantly increase the current statewide need estimate.

Montana's 1983 Title II allocation generated over \$600,000 in requests for new buildings or major remodelings.

At this time, it is impossible to provide a quantified comparison of local needs for library buildings verses the availability of local, state, federal and private funding resources to meet those needs. A second mail out survey conducted by the Montana State Library and the staff of the Governor's Task Force does indicate some library administers are having considerable difficulty in obtaining sufficient funds at the local level.

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*      COMMENTS FROM LIBRARIANS ON
*      ISSUES/PROBLEMS IN CONSTRUCTING
*      AND PAYING FOR LIBRARIES
*
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*
*      A second mail-out survey was conducted by the Montana State
*      Library and the staff of the Governor's Task Force. The
*      following comments summarize the kinds of problems faced by
*      local librarians. Here is how the representatives of seven
*      different libraries answered one survey question which asked
*      them to comment on issues or problems in reference to
*      financing needed library facility improvements:
*
*      "We have been hampered with high costs and no money."
*
*      "This library has well worn, inadequate and dangerous
*      furnaces that need to be replaced but there aren't any
*      funds or local interest to replace them."
*
*      "We simply do not have the funds for our facility. We
*      have plans and need for this facility."
*
*      "Paying for the facility is the main obstacle. Demonstrating
*      the need is also of importance because while people
*      acknowledge our over crowded conditions, they do not feel
*      it is a vital necessity. Other projects have higher
*      priority..."
*
*      "[Problems include] "(1) getting city hall interested, although
*      there clearly is a need, (2) paying for the facility."
*
*      "Paying for the facility and demonstrating the need for the
*      facility have been our greatest obstacles. We had a library
*      plan before the voters last year and it failed 2-1. We only
*      have 600 square feet and the need for a new facility is
*      critical."
*
*      "...We need help in planning and demonstrating the need to
*      our funding body. Presently funding shouldn't be a problem
*      once we can convince the commissioners of the need."
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RECOMMENDATIONS OF THE SUB-COMMITTEE  
ON LOCAL GOVERNMENT COMMUNICATIONS AND INFORMATION FACILITIES

A. Summary of Problems:

A principal problem of funding information and communication facilities at the local level is the inappropriateness of utilizing "user fees." User fees are not acceptable since restriction of access to information based on across the board usage charges may lead to the creation of "information elites" and the deprivation of poor persons of information. There are also technical problems in applying user charges to emergency oriented facilities such as high band radios.

The importance of communication and information facilities will continue to increase as Montana moves into the age of high technology. Solutions must be found for financing these facilities that do not rely on user fees and reflect a strong commitment to the availability of information for all.

B. Recommendations:

1. That State and local governments should upgrade land-mobile radio systems to the high-band channels incorporating the use of appropriate common mutual aid frequencies to improve inter-agency communications, especially in times of emergencies and disasters.

2. Due to rapid changes in telecommunications regulations, economical technology, the State should continue to support comprehensive planning efforts in that area. The importance of local and long-distance voice and data communications to governmental operations requires research, monitoring and reporting to enable key decision makers to adequately plan for current and future services and to be positioned to support economic development in the State. (The powers and duties of the State Department of Administration, Communications Division, include the provision of assistance to political subdivisions or nonprofit organizations relative to state and interstate communications systems and techniques (see MCA 2-17-302)).
3. The model of the Television Tax District could be employed and that legislation expanded or copied to empower communities to create tax districts to fund telecommunications centers (see MCA 7-13-2503, et. seq.). Once user groups have been organized and the market aggregated, the potential for improved service delivery and individual and community access to services and information becomes greatly increased, and innovative uses of telecommunications could contribute significantly to the solution of problems imposed by the demographics of Montana.
4. The declining value of the mill levy and the eroding local tax base must be addressed in providing adequate local funding of libraries.

5. Provide technical assistance, especially in the areas of library construction planning and financing, to local libraries.
6. Consider the Montana Public Library standards in determining the adequacy of existing library facilities and in any planning for new or remodeled facilities.



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## SECTION V

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### REPORT OF THE SUBCOMMITTEE ON JAILS

#### A. General:

In Montana, the county government usually operates local jails. There are 53 county government detention facilities in Montana. The county sheriff is legally responsible for operating the jail. The county commissioners are legally responsible for inspecting the jail and providing funds to assure the facility meets health, safety, fire, and separation requirements. All offenders who violate state law must, by law, be held in the county jail. All juveniles held for offenses must, by law, be held in county jails.

Municipal governments may operate their own jails. There are 16 incorporated town and city jails in the state. Most municipalities choose to contract with their county for jail services.

The state government role in relation to jails is to ensure that local jails meet certain health, safety, and fire standards. The Department of Health and the Fire Marshall, Bureau of the Department of Justice, conduct inspections of local jails when requested. The Montana Department of Justice, Crime Control Division, also provides technical assistance to local government officials who are trying to bring their facilities into compliance with legally mandated jail standards.

The federal role has been to set local jail standards through federal court decisions. Until very recently, local governments have not had a clear cut definition from the courts as to what constitutes an appropriate jail facility. (This benchmark is necessary so local governments can construct constitutional facilities.) These individual federal court rulings can be combined into a body of "case law" which sets the "performance" and construction standards for jails which must be met by local governments. Historically, federal court rulings have been based on the court's responsibility to protect the constitutional rights of prisoners. In practice, these rulings have required local governments to provide better, safer, more sanitary facilities for prisoners. Federal judges have the legal clout to order local governments to comply with jail standards. A federal judge can force a local government to sell government property to improve a jail. Local officials cannot use "the excuse" that "we couldn't pass a bond issue" to avoid building or rebuilding jails to meet standards. In addition, local officials are liable for damages incurred by prisoners who have had their basic rights violated.

In Montana, jails may be financed using general obligation (GO) bonds. In practice, GO bonds have not been effective since the bonds require approval by a vote of the public. Financing jails has not been something local voters care to do. Thus, financing local jail projects remains a problem for most local governments. Currently, there are no federal or state loans or grants earmarked explicitly for jails. The Emergency Operations Center (federal) grants can supply partial funding. The Farmer's Home Administration Community Facility Loan Program might be able to provide (federal) loans to rural communities.

Why should we care about jails? Part of the problem with focusing public resources on jails and especially in getting jails financed is a lack of understanding about what a jail is and who is in jail. Jails are not prisons. Prisons hold sentenced, legally guilty criminals. Jails predominately hold persons awaiting trial -- persons who are legally innocent until proven guilty under American jurisprudence. Thus the commonly held belief that "we shouldn't build a country club for criminals" is based upon the false belief that jails mostly hold sentenced criminals -- they do not. Secondly, national statistics indicate that over 50 percent of all persons detained in jail are detained for alcohol related offenses. Jail is not necessarily where these persons need to be (alternatives such as detoxification centers exist). Finally, it should be realized that persons may be detained for minor offenses (e.g., major traffic violations). Jails exist basically to protect the general public from real or perceived dangerous or irresponsible persons who may pose a safety threat to society. Jails are a holding facility for persons who are awaiting trial -- the official determination of whether or not they are guilty. The jail facility itself serves a two-fold function:

- to protect society;
- to protect the constitutional rights of prisoners.

Jail construction and operation standards are designed to meet both of the above functions. An inadequate jail may fail to protect society from dangerous prisoners (i.e., escapees) or may fail to protect prisoners (e.g., a fire in a jail which does not have a basic fire protection design may injure or kill the prisoners). In addition an inadequate jail may cost a local government money through lawsuits filed by prisoners.

The current status of Montana jails is as follows:

1. Out of a total of 53 county jails in the state, only one jail clearly meets current jail standards. Thus, the remaining 52 jails will need rehabilitation, expansion, or replacement.
2. A total of 21 out of 53 county detention facilities were built or underwent a major renovation previous to 1955. Since a detention facility has a normal lifetime of 30 years, at least 21 facilities will need to be completely renovated or replaced.
3. A recent survey conducted by the Crime Control Division indicates that local government officials estimate that the current need for county jail rehabilitation, expansion or replacement is at least \$56,713,373. This figure is the aggregate need statewide for all Montana county governments.
4. Currently, there are no local jails which provide complete separation of adult facilities and juvenile facilities. A new federal court ruling (D.B. v. Tewksbury case) mandates separation. Because the statewide juvenile jail population is so very low (539 total/year), the provision of separate juvenile facilities by each local government appears unrealistic. How to deal with this problem is a current issue. No cost figures for a solution are available.
5. There are 16 municipal jails in Montana. There are no aggregate physical or financial need measurements available for city jails.

(Municipalities are not required by law to operate jails and, typically, contract with counties for jail services). Since most municipal jails are located in small cities and towns there is a possibility that those municipalities with sub-standard facilities might close the jails and contract with their county.

A total need of \$56,713,373 has been identified for county detention facilities. The financial cost for separate juvenile facilities is currently unknown. There is no total need figure available for the 16 municipal jails in the State. The only significant grant program available to off-set these needs is the Montana Coal Board. Coal Board grants and loans are limited to those few local governments who are required to expand their jails as a direct result of coal development. The typical local financing tool for jails has been the General Obligation Bond. Many planned jail upgrades have repeatedly stalled due to voter rejection of bond issues. For the foreseeable future it appears local governments will have to provide the predominant share of the cost for jail upgrades.

The issue is how local governments will pay for new facilities if local citizens will not vote a bond issue. A related issue is whether or not the courts will force local governments to upgrade their jails despite the failure of jail bond issues.

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*
*           A CASE STUDY OF YELLOWSTONE COUNTY'S JAIL
*
*
*   The Yellowstone County jail fails to meet federal standards
*   because of crowding, lack of an outdoor area and indoor space
*   for programs, and an inadequate library. Crowding is the
*   biggest problem. A Federal court order limits the jail to
*   62 prisoners, but space for 100 is needed.
*
*   The lack of space means that only felons, and some
*   misdemeanors, can be jailed, leading to nonenforcement of
*   mandatory sentencing for DUI. Prisoners are released before
*   court sentences to make room for those committing more
*   serious crimes.
*
*   However, preliminary design for a new city-county jail with
*   a predicted life of 50 years has been completed. The $10
*   million facility could be financed by $7.2 million in General
*   Obligation Bonds, $2.1 million from the Coal Board (with the
*   stipulation that 10 beds be available to coal impact
*   counties), and the rest from interest on Department revenues.
*
*   The bond issue was supported in the primary election (June
*   1984), but voter turnout was insufficient to comply with
*   the 40 percent state requirement. It will therefore have
*   to be proposed in the general election, causing at least a
*   six-month delay, and more if the issue does not pass. The
*   county is concerned over this delay and the related
*   potentially higher interest costs, plus the possible loss
*   of coal impact (Coal Board) funds.
*
*   The county's large tax base and small level of current
*   general obligation debt allow the financing to take place.
*   If the bonds are issued, the county will still have $15 to
*   $20 million in unused bonded debt capacity.
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B. Recommendations of the Subcommittee on Local Government Jails:

1. Summary of Problems:

Ultimately, correction of Montana's jail facilities to meet current standards depends on the willingness of local taxpayers to pay the cost. The following recommendations ease the legal and financial constraints that stand in the way of achieving acceptable jail facilities in a cost effective manner.

2. Recommendations:

- a. Adopt jail standards adopted to establish a common set of criteria for determining the legal adequacy of jails.
- b. Require State government to share in the responsibility for juvenile detention.
- c. Legislation permitting multi-county financing for jails should be considered.
- d. Encourage State government to provide technical assistance to local governments for the planning of jails. This should not duplicate assistance available elsewhere.
- e. Debt ceiling limitations for county governments should be raised.
- f. Examine the possibility of State responsibility for certain county jail inmates.
- g. Develop a state uniform method for the collection, examining, and dissemination of jail population information.
- h. The statutory restriction on county lease agreements (currently a \$150,000 per year cap) should be removed or at least, the cap amount

should be increased. Allowing this local flexibility would allow county governments to utilize lease-purchase and other lease mechanisms for jail financing. These mechanisms have been used successfully to finance jails in other states.

- i. Current statute mandates that the county sheriff must operate and manage a county jail. This statute should be changed to make the decision on who should operate and manage the facility discretionary on the part of local governing bodies. (Note the complementary recommendation "j" below).
- j. Legislation should be introduced to allow a "jail board" or a locally designated jail administrator to manage the jail in lieu of the county sheriff. The discretion to make the choice between the sheriff, board, or administrator would be made by the local governing body. Administration by a jail board would facilitate the management of multi-county jail systems. Administration of a jail by a jail administrator would allow counties to hire specially trained jail administrators.
- k. Authorize legislation to allow private vendors to build, operate and maintain a local jail and to allow the private vendors to sell this service to local governments via a long-term contract.



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## SECTION VI

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### REPORT OF THE SUBCOMMITTEE ON "OTHER" PUBLIC FACILITIES

#### A. General:

In addition to the facility types already researched by the other sub-committees, there are a number of other public facilities constructed, operated and maintained by local governments. These include, but are not limited to:

- animal shelters
- courthouses
- dams and reservoirs
- fairgrounds
- fire stations
- flood control structures
- police stations
- muscums
- parking facilities
- parks
- senior citizen centers
- storm water systems

All of these facilities contribute to the quality of life we enjoy as residents of our local communities.

Accurate information on local conditions and needs for most of these facilities does not exist at the state level. The following description of the Lewis and Clark Fairgrounds illustrates the kind of problems these facilities can encounter.

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\*  
\* A CASE STUDY OF LEWIS AND CLARK COUNTY FAIRGROUNDS \*  
\*  
\* Many of the structures at the county fairgrounds, site of \*  
\* the Last Chance Stampede, horse races, and numerous community \*  
\* events, are suffering from decay and lack of maintenance. The \*  
\* State Architectural and Engineering Division recently condemned \*  
\* the bleachers, and issued a warning on structural stability of \*  
\* the grandstand and concessionaires stand. \*  
\*  
\* The manager and board believe that about \$350,000 a year is \*  
\* needed to adequately operate and maintain the facilities, most \*  
\* of which were built 50 to 80 years ago. However, the County \*  
\* contributes \$83,000, from a maximum levy of 1.5 mills, and \*  
\* revenues from the annual fair/stampede were \$92,000. The \*  
\* horse racing association helps, as does the Welfare \*  
\* Department's Work Fair program, but the fairgrounds \*  
\* only breaks even on operation and maintenance, and cannot \*  
\* adequately fund capital improvements. \*  
\*  
\* Lack of an accurate cost-accounting system could be solved \*  
\* by the possible acquisition of a small computer, but replacement \*  
\* of the deteriorating structures may be feasible only through \*  
\* revenue bonds, which the county attorney has said that the \*  
\* Board cannot issue. If the Board receives a similar opinion \*  
\* from the attorney general, modifying the law to allow issuance \*  
\* of revenue bonds may be necessary to avoid loss of facilities. \*  
\*  
\*\*\*\*\*

## B. Recommendations of the Subcommittee on Other Public Facilities:

### 1. Summary of Problems:

There are a great number of facilities maintained by local governments for which we have no statistical information on needs. However, these facilities have one problem in common: for the most part, user fees do not cover the costs of providing these services and facilities. Short term solutions for capital improvements for these facilities involve placing additional burdens on the property tax, whether through the funding of capital improvement programs or through increasing specific

mill levies. Longer term solutions are addressed by the Sub-committee on General Financing and Capital Improvements.

2. Recommendations:

- a. Provide technical assistance for local governments to plan and obtain retrofit of buildings for energy efficiency.
- b. Provide technical assistance to local governments in planning handicapped access.
- c. Create statutory authority for county governments to have a single capital improvement fund that can be used for any and all facility types. (Municipal governments currently have this type of capital improvement fund authority.)



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## SECTION VII

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### REPORT OF THE SUBCOMMITTEE ON GENERAL FINANCING OF CAPITAL IMPROVEMENTS

#### A. General:

The ability of local governments to meet these needs for investment in public facilities depends to a great degree upon two factors: state statutes which establish the rules and procedures local governments must follow and the amount of revenue local governments have to work with. Currently, both of these factors pose serious constraints to local officials' attempts to manage public facilities.

Several aspects of state statutes are particularly troublesome. Financing public facility improvements generally involves a local government in the process of issuing bonds. Current state statutes governing local bond issues actually have the effect of raising the costs of bond issues because they provide local governments with little flexibility in negotiating payment schedules. Similarly, state statutes on the formation of special improvement districts and on the use of lease-purchase arrangements do not reflect the flexibility necessary to deal effectively with current situations.

The other major constraint for local governments is insufficient revenue. Montana local governments have an unusually high reliance on property tax,

49 percent higher than the national average. Over the past ten years, this tax base has been declining, due in a large part to legislative actions removing or lowering the tax rates on a number of property items. At the same time, Montana counties have a low reliance on user fees, averaging 5.7% of total revenues for all counties in the state.

In fiscal years 1982 and 1983, the taxable valuation of all Montana municipalities declined 10.58 percent. Not surprisingly, this decline in overall revenues also resulted in a decline of investment in capital investment. For the four-year period between FY 79 and FY 82, spending on capital investment in urban municipalities declined 53%, 15% in medium cities, and 25% in small municipalities.

The effects of these declines in property tax revenue and capital investment are further compounded by several other factors. Inflation has made the value of all income lower in real terms while costs escalate. Interest rates have made long-term borrowing for major public investments much more expensive than it used to be. Finally, just as physical decay of many facilities is simultaneously reaching a critical point, the federal government is cutting back on federal grants and loans targeted to local public facilities.

A sample of 12 local governments was conducted as part of the research efforts of the Task Force. Interviews with local officials revealed the following observations:

- Every one of the jurisdictions sampled was at, or within 2 mills of its allowable mill levy limit. Taxable valuation had been negatively affected by the economy, legislative property tax relief bills such as elimination of the business inventory tax, court-ordered reductions in property tax, or the departure of a particular company from the jurisdictions. The level of service provision demanded did not diminish accordingly with population decline. The decline in taxable valuation combined with increased spending pressure has pushed mill levies to their practical limits.
  
- Bonded debt limitations were suspected of being a constraint to local financing capabilities. Most communities are not anywhere near their bonded debt capacity, but they view themselves as being at their practical bonded debt limit in relationship to their constituents' ability to pay. There is not widespread use of general obligation bonds in counties either. However, most of the counties interviewed were facing the need to rebuild jail facilities which will probably force them into general obligation bond issues.
  
- Cities and counties have been reluctant to enter into formal capital improvements programming funded through a set-aside of fund revenues, because they would either have to reduce service levels or raise taxes -- there is no cushion in mill levies. As a result, there is little allowances for major capital expenditures or anticipation of cyclical replacement of facilities.

## B. Recommendations:

### 1. Summary of Problems:

The best level at which to address local infrastructure needs is the local level. Montana's local officials face several major barriers in managing their infrastructure needs, including: statutory provisions that inhibit flexibility and add to the costs of capital improvements; insufficient revenues to simultaneously support both ongoing services and replacement of capital facilities; lack of information about options open to them in planning and financing capital improvements. Some progress on these barriers can be made immediately through the recommendations listed below. However these recommendations represent only the beginning of the changes necessary to removing the barriers that are presenting us from fully addressing our infrastructure needs. A complete renovation of local government financing and revenue authority must be undertaken.

### 2. General Local Government Flexibility Recommendations

- a. Local governments should have the authorization to adjust fees and charges as necessary to reflect at least changes in financial costs. State imposed user fees should also be reviewed and changes made.
- b. The Public Service Commission should not be involved in any way in approving rate increases necessary to finance new construction of utilities owned by local governments.



- c. The Public Service Commission should be more flexible in considering the need for including 3-5 year capital improvements and emergency funds in the rate structure for public utilities. As a step toward this, some technical assistance should be available in preparing mid-term (3-5 year) capital improvement programs.
- d. Technical assistance should be available to local governments in the following areas as they are related to infrastructure:
- Financial, including assistance in setting user fees
  - Engineering
  - Planning, including capital improvement programming
  - Statutory/legal
- In addition, educational materials and workshops should be provided to local officials in these areas.
- e. Mill levies should be examined and specific recommendations formulated to adjust mill levy limits as necessary.
- f. Debt ceiling limitations should be examined and changes recommended if necessary, especially in the area of jail financing.
- g. If local governments are going to be financially able to meet these infrastructure challenges, significant changes in the way local government services are financed must be made. Existing revenue sources are inadequate or barely adequate to support existing service levels and operating costs, without any significant replacement or new construction. If Montana's local governments are to take on a program

of major capital improvements, additional revenue sources must be made available.

A successful revenue program must satisfy several criteria:

- The program must ease the property tax burden by diversifying the local government tax base.
- Local governments must be given authority for local options to raise taxes for capital improvements (examples for local option might be: income tax, sales tax, bed tax, gas tax, real estate transfer tax);
- The existing program of State revenue sharing (the Governor's Block Grant Program) must be maintained and strengthened with funds in addition to the oil severance tax.

3. Local Government Financing Authority Recommendations:

- a. Existing statutes governing the formation of Special Improvement Districts should be rewritten and proposed.
- b. The statutes governing lease-purchase arrangements should be reviewed and changes proposed to make them easier to use as a long term financing alternative, especially where a specific revenue stream from fees is involved.
- c. The \$150,000 limit for financing capital purchases with debt or leases without voter approval should be raised or eliminated.
- d. The requirement for a 40% turnout for a local election should be eliminated so that majority approval will authorize general obligation issues.

- e. Bond anticipation statutes should be changed to clarify the penalty interest rate.
  - f. Statutory language governing the amortization of bond issues should allow local governments to structure the most suitable financing package.
  - g. The requirement that all school bond issues must be done separately should be waived where the issue is for a jointly-funded project and the tax base of the districts is coterminous and identical.
  - h. Statutes should be changed to allow local bonds to be sold at a discount.
  - i. Authority should be granted to local governments to issue tax anticipation notes and arrange other short and mid-term financing mechanisms.
4. Interim Commission Questions for 1987 Legislature Recommendations:

There are a number of areas that are too complex for the Task Force to research and address in time for the 1985 session. These areas are central to the state's role in establishing the framework in which local officials must operate. Revisions in these areas have the potential to generate real savings to state taxpayers by cutting the costs of financing public facilities. Specific areas of concern are:

- a. Statutes governing local bond issues. These should be recodified into three sections: revenue bonds, general obligation bonds, special districts. As part of this effort, special districts should be simplified into more generic forms, and the possibility of special districts issuing revenue bonds explored.
- b. Statutes governing capital improvements planning should be reviewed and strengthened. State assistance for capital improvements planning should also be strengthened to provide both training and grants.
- c. Use of non-local revenue for local public facilities should be increased, and integrated with the statutes governing capital improvements planning to ensure that non-local funds invested at the local level are used most effectively in conformance with a local overall capital improvements plan.
- d. The role that standards play in defining infrastructure needs should be looked at, particularly in connection with roads, streets and bridges.

5. Overall Technical Assistance Recommendation:

- a. The State should develop an automated catalogue of all financial and technical assistance available to local governments from state, federal, and private programs on infrastructure. The catalogue would be accessible to state staff and local government organization staff to help them to answer requests for assistance from local officials and private citizens.

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## SECTION VIII

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### REPORT OF THE SUBCOMMITTEE ON PUBLIC INFORMATION ABOUT INFRASTRUCTURE

#### A. Public Information:

Perhaps the biggest single factor responsible for our current state of decay in public facilities is the lack of attention we as citizens have paid to these facilities. Typically, the only time issues involving a local public facility capture the attention of the general public is when a crisis arises: a sewer line breaks, a water supply is declared unsafe, a bridge is condemned. In most cases, these crises are the product of insufficient maintenance and planning.

Who is to blame? It is easy to point to local officials, but to do so is to miss the point. Local officials mirror the concerns of the community they serve. When budgets are tight, local citizens are the first to urge the support of more visible services such as police, fire, etc. over ongoing capital maintenance. If our public facilities come up lacking, we have only ourselves to blame.

Ultimately, it is the responsibility of each local community to determine its own priorities and needs for capital investments. We can help by actively supporting our local officials in prioritizing local needs for replacement or rehabilitation, and recognizing our responsibility to help pay the costs involved. We need to find ways to ensure that local public facilities are

operated in a cost efficient manner -- including charging for a facility based on the amount of use (where charging is possible), and not deferring maintenance.

The Public Information Subcommittee has been working to prepare public information about the status of Montana's infrastructure. One of the problems this sub-committee is addressing is the lack of appreciation and understanding on the part of many persons regarding the crucial role that infrastructure plays in daily life.

The subcommittee has produced a half-hour videotape and a brief report on the national and Montana infrastructure situation. These materials are available for public use at no charge, by contacting:

Montana Contractors' Association  
1717 Eleventh Avenue  
Helena, Montana 59601  
Phone: 442-4162.

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APPENDIX A

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Sources for Additional Information on Public Facility Needs

Bridges, Streets, Roads

|              |                        |          |
|--------------|------------------------|----------|
| Don Fallang  | Department of Highways | 444-6110 |
| Bill Gosnell | " "                    | 444-6201 |

Airports

|               |                        |          |
|---------------|------------------------|----------|
| Dave Kneedler | Department of Commerce | 444-2506 |
| Vern Moody    | Aeronautics Division   |          |
| Jerry Burrows |                        |          |

Rail Systems

|            |                        |          |
|------------|------------------------|----------|
| John Craig | Department of Commerce | 444-3445 |
|------------|------------------------|----------|

Bus Systems

|             |                        |          |
|-------------|------------------------|----------|
| Pat Saindon | Department of Commerce | 444-4267 |
|-------------|------------------------|----------|

Community Water Systems

|                 |                              |          |
|-----------------|------------------------------|----------|
| Dan Fraser      | Department of Health         | 444-2406 |
| Steve Pilcher   | " "                          |          |
| Ray Wadsworth   | Mt. Rural Water Users Assoc. | 454-1151 |
| Rodger Foster   | Morrison & Maierle           | 442-3050 |
| (League Survey) |                              |          |
| Alec Hansen     | Montana League of Cities &   | 442-8768 |
| (League Survey) | Towns                        |          |

Wastewater Treatment and Disposal Facilities

|               |                      |          |
|---------------|----------------------|----------|
| Joe Steiner   | Department of Health | 444-2406 |
| Steve Pilcher | " "                  |          |

Solid Waste Facilities

|                 |                      |          |
|-----------------|----------------------|----------|
| Duane Robertson | Department of Health | 444-2821 |
|                 | (Solid Waste Bureau) |          |

Hazardous Waste Disposal

|                  |                      |          |
|------------------|----------------------|----------|
| Roger Thorvilson | Department of Health | 444-2821 |
| Duane Robertson  | (Solid Waste Bureau) |          |

Radio/Communications

|              |                              |          |
|--------------|------------------------------|----------|
| John Nearaas | Department of Administration | 444-2586 |
|--------------|------------------------------|----------|

Jails

|              |                       |          |
|--------------|-----------------------|----------|
| Steve Nelson | Department of Justice | 444-3604 |
| Mike Lavin   |                       | 444-3604 |

"Other" Local Public Facilities

|             |                            |          |
|-------------|----------------------------|----------|
| Alec Hansen | Montana League of Cities & | 444-8768 |
|             | Towns                      |          |

|                           |               |                                     |          |
|---------------------------|---------------|-------------------------------------|----------|
| <u>Libraries</u>          | Sara Parker   | Montana State Library               | 444-3115 |
|                           | Alene Cooper  |                                     |          |
| <u>Finance</u>            | Mike Young    | City of Missoula                    | 721-4700 |
|                           | Alec Hansen   | Montana League of Cities &<br>Towns | 442-8768 |
|                           | Gordon Morris | Montana Association of<br>Counties  | 442-5209 |
| <u>Public Information</u> | Bill Olson    | Montana Contractors Assoc.          | 442-4162 |





650 copies of this public document were published at an estimated cost of \$2.69 per copy, for a total cost of \$1,750.00, which includes \$1,750.00 for printing and \$.00 for distribution.